

TENNESSEE REGULATORY AUTHORITY



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TRA ORDERS FREEZE ON BELL SOUTH RATES UNTIL YEAR 2002

NASHVILLE -- As a result of actions taken today by the Tennessee Regulatory Authority (TRA), basic rates Tennessee consumers pay for local telephone service through BellSouth Telecommunications will be fixed for the next four years.

In a case that has a long and complicated history that dates back to the Tennessee Public Service Commission (PSC), Directors of the TRA unanimously approved today BellSouth Telecommunication's "Price Cap Regulation" plan. The momentous decision moves Tennessee one step closer towards competition in the local telephone market.

Price Cap Regulation, the textbook definition, essentially allows for a company's revenues to increase by only a certain percent every year as set forth by statutes that were passed by the 1995 Tennessee Legislature.

The case, however, has not been without opposition. AT&T, AARP and the Tennessee Consumer Advocate Division (CAD) filed petitions with the TRA requesting that the agency look further into BellSouth's earnings. The critics thus requested another audit be performed to satisfy these concerns.

Due to procedural errors in the 1995 audit conducted by the PSC, the Tennessee Court of Appeals vacated the PSC's order that approved the 1995 audit, but did so after the dissolution of the agency. The matter was then sent back to the TRA for approval of BellSouth's pricing plan.

And in full view of the Court of Appeals' mandate to approve the BellSouth price regulation plan, Directors of the TRA acted in accordance with the mandate and approved a pricing plan that will not only benefit consumers, but further advance telecommunications competition in Tennessee.

